

Message Text

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ACTION L-03

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TO SECSTATE WASHDC 5305

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E.O. 11652: NA
TAGS: EINV, HO
SUBJECT: GOH EXPROPRIATION OF UNITED BRANDS LAND

REF: (A) STATE 299716, (B) STATE 306302, (C) TEGUCIGALPA 5850

1. UNITED BRANDS (UB) SENIOR VICE PRESIDENT, WILLIAM MATHERS, AND OTHER UB OFFICERS MET WITH ME LATE DECEMBER 17 TO INFORM ME OF RESULTS OF THEIR FIRST MEETINGS WITH GOH OFFICIALS ON ABOVE SUBJECT. MATHERS SAID THEY WERE VERY SATISFIED RECEPTION RECEIVED IN MEETINGS WITH CHIEF OF STATE MELGAR, RIGOBERTO SANDOVAL, DIRECTOR OF AGRARIAN REFORM INSTITUTE (INA), AND SPECIAL COMMISSION (REF C). HE EXPRESSED APPRECIATION FOR THE EMBASSY'S INDICATION TO GOH OF ITS INTEREST IN THE CASE AND OUR ASSISTANCE IN FACILITATING MEETINGS WITH THE CHIEF OF STATE AND OTHER GOH OFFICIALS. HE ADVISED THAT ALTHOUGH DISCUSSIONS WERE GENERAL IN NATURE, THEY TOUCHED ON MOST POINTS OF CONCERN. THE PRINCIPAL IMMEDIATE RESULT WAS THEIR REACHING AN UNDERSTANDING THAT PROCEEDINGS WOULD BE IN STATUS QUO, I.E., THAT THERE WILL BE NO INITIATION OF LITIGATION AT THIS TIME, AND THAT UB WOULD HAVE FROM NOW UNTIL JANUARY 17 TO PRESENT THEIR PROPOSALS, SETTLEMENT OF ISSUES, AND NEGOTIATIONS WITH SPECIAL COMMISSION. FINALIZATION OF NEGOTIATIONS WOULD ULTIMATELY BE BETWEEN UB PRESIDENT WALLACE BOOTH, SPECIAL COMMISSION, AND CHIEF OF STATE. UB HOPES FROM THIS MEETING THAT THE ISSUES CAN

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BE AMICABLY SETTLED WITHOUT RESORTING TO LITIGATION. MATHERS COMMENTED THAT HE NO LONGER BELIEVES THAT SANDOVAL INTENTIONALLY SCHEDULED EXPROPRIATION ANNOUNCEMENT TO COINCIDE WITH UB SUBMISSION TO SEC OF SPECIAL INVESTIGATIVE REPORT RELATING TO ALLEGED BRIBERY IN 1974 OF GOH OFFICIALS.

2. MR. MATHERS REITERATED UB CONCERN OVER POSSIBLE LOSS OF FLOOD CONTROL LAND (WHICH IS VITAL TO BANANA OPERATIONS) IN THE INA EXPROPRIATION. IN AMBASSADOR'S PREVIOUS MEETING WITH SANDOVAL, THE LATTER SAID GOH HAD UNDER PREPARATION A FLOOD CONTROL PROGRAM WHICH WOULD ENCOMPASS THE FLOOD LANDS AND PROTECT BANANA-PRODUCING AREA. WE DO NOT AS YET HAVE SUCH EVIDENCE. WITH REGARD TO UB PUREBRED CATTLE HERDS ON PASTURES IDENTIFIED FOR EXPROPRIATION, MATHERS SAID SANDOVAL ASSURED HIM THAT UB COULD SELL THEM WHENEVER THEY HAD A BUYER. SANDOVAL EXPRESSED INTEREST IN PURCHASING THE MIXED-BREED HERD FOR INA OPERATIONS.

3. I AGAIN EXPRESSED TO MR. MATHERS OUR WILLINGNESS TO EXTEND APPROPRIATE FACILITATIVE ASSISTANCE AND POINTED OUT, AS I HAD MADE CLEAR AT THE BEGINNING, THAT THE MATTER AT THIS STAGE WAS ENTIRELY BETWEEN UB AND THE GOH. MATHERS OFFERED TO KEEP THE EMBASSY APPRISED OF UB PROPOSALS AND OF THE PROGRESS OF NEGOTIATIONS.

BECKER

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